The earthquake in Turkey: Western bankers see a silver lining

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Turkish authorities on Tuesday raised the official count of fatalities from last week's earthquake to 17,997, nearly 6,000 more than the previous day's figure. The toll is expected to continue climbing and could surpass 40,000.

The government says 42,442 people have been injured, and most sources estimate 35,000 bodies remain buried in the rubble.

The government of Prime Minister Bulent Ecevit has called off all search and rescue efforts, and the various international rescue teams are expected to have left the country by the end of Wednesday. The humanitarian crisis continues to grow, and with it popular anger against the government, which has yet to mount a coordinated effort to provide decent shelter, food, medicines and other necessities to the hundreds of thousands who have been left homeless and destitute.

The crisis within the government, a coalition that includes Ecevit's Social Democrats and the fascist Nationalist Action Party, was reflected in the public statement of Tourism Minister Erkan Muncu, who said, “This earthquake is a declaration of bankruptcy for the Turkish political and administrative system that lacks a city planning policy.”

This stark confession was in marked contrast to the general response of government and military officials, who have defended their response to the disaster and attacked the media. With tens of thousands of Turks in Istanbul, Izmit, Yavlova, Golcuk and other cities along a 200-mile fault line suffering terribly and grieving for their dead loved-ones, Ecevit declared, “I am afraid the media, some of the Turkish media, has been giving too pessimistic a picture of the event.”

Indicative of the repressive character of the regime, the head of the army publicly called for a declaration of emergency rule, and the state media agency shut down a national television station for one week in retaliation for reports critical of the government's role in the rescue operation and the pervasive corruption that allowed construction firms to build unsafe housing in working class areas.

The quake devastated the most populous and industrialized part of the country. The seven-province region is home to major automotive, textile, energy and building-materials factories and accounts for 33 percent of Turkey's $200 billion gross domestic product. The area has seen a massive increase in population in recent decades, as tens of thousands stream into the cities from the countryside every year, seeking work in the plants of Istanbul and its environs. German, French, Italian and American companies have expanded their investments in northwest Turkey, eager to take advantage of ample cheap labor and the repressive political and social climate enforced by the military.

The quake devastation has compounded a deepening economic crisis. The country is in the grips of a recession, with GDP falling by 6.5 percent in the first half of the year. Inflation is running at more than 60 percent. Between January and April tax revenues fell by 13 percent, while public expenditures excluding interest payments rose by 25 percent in real terms. The budget deficit rose by 62 percent, while exports fell 8 percent and imports by 25 percent.

More than $7 billion in foreign capital left the country last year and the stock market slumped by more than 50 percent, in part a fallout from the Asian financial crisis and the collapse of the Russian economy. According to one report in the American press, Turkey's unemployment rate stands at a staggering 64 percent.

Various commentaries in the Western financial press indicate that international banks and corporate

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investors, while concerned over the political implications for the stability of the Turkish regime, view the earthquake as something as a blessing in disguise. London's *Financial Times* on Monday carried a column headlined “Earthquake may not shake Istanbul market.” It said, “International investment banks issued research reports to foreign investors urging them to sit tight on Turkish assets and not rush into panic selling of stocks and bonds. The long-term prospects for Turkey's emerging economy was not substantially changed by the disaster, they said, adding that a fall in the stock market could produce buying opportunities.”

In these circles it is hoped that the human catastrophe may force Turkey to proceed more swiftly with the dismantling of state-run enterprises, lifting of restrictions on foreign investment and gutting of social programs and pensions which are at the heart of the “restructuring” program demanded by the International Monetary Fund.

A *Financial Times* commentary published August 20 noted: “Turkey has already passed a new banking law, changed the constitution to smooth the way for privatization and removed obstacles to foreign investment and intra-structure projects.” It quoted Mark Foley, an executive at Oyakbank, who said, “In the short term we will see disruption in Turkey's most productive area. Longer-term consequences will be stimulus through rebuilding. The earthquake will make it easier for Turkey to get money [from overseas]. People will have to spend their savings to replace what they have lost.”

Continuing in this “optimistic” vein, the authors wrote, “Although the government is a long way from establishing the true extent of the damage, it is already becoming clear that the earthquake vented its violence less on workplaces than workers.”

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